

HEADQUARTERS PERSONNEL - NASHVILLE (As of 12/31/05)

Nicole Lacey, Assistant Commissioner
Alan Smith, Financial Analyst
Kayce Cawthon Stoker, Consumer Resources Specialist
Esther Eddy, Consumer Resources Specialist
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[CONSUMER RESOURCES DIVISION NARRATIVE]

The **Consumer Resources Division** coordinates the handling of consumer complaints, fosters community outreach and encourages financial literacy in Tennessee. Since Governor Phil Bredesen formally approved the Division in March 2004, the Division has embraced its charge to provide meaningful consumer protection and consumer education services statewide.



CONSUMER PROTECTION

A key responsibility of the Division is the handling and tracking of consumer complaints. The Department of Financial Institutions is the only state agency that has the statutory jurisdiction to handle consumer concerns and complaints involving financial institutions operating under the various laws the Department administers in the State of Tennessee. The Division processes all complaints related to financial institutions chartered and licensed by the Department. If the Department receives information that do not fall within the Department's jurisdiction, those inquiries or complaints are forwarded to the appropriate agency or entity and the consumer is accordingly advised. In all cases, the Division follows its routine practice of submitting the consumer's written complaint to the financial institution for response and communicates this in writing to the complainant or forwards the complaint to the appropriate entity if the Department does not have jurisdiction. If a complaint indicates that further review is necessary, the complaint is referred to the appropriate regulatory Division in the Department for investigation as warranted.

In addition, the information generated from consumer complaints will be used for specific consumer outreach initiatives as well as assisting the Governor and the General Assembly with developing legislative initiatives to ensure Tennesseans have access to sound, non-predatory financial institutions.

In 2005, the following are the top 10 consumer complaints by industry:

INDUSTRY	TOTAL	% OF TOTAL COMPLAINTS
Default *	266	45%
Banks	154	25%
Mortgage Companies	142	23%
Credit Unions	19	3%
TILT**	14	2%
Title Pledge	10	>2%
Check Cashers	1	>1%
Deferred Presentment	0	0%
Premium Finance	0	0%
Money Transmitters	0	0%
TOTAL:	606	100%

* Default category contains phone calls, e-mails, correspondence received, complaint form mailed but completed form not returned; complainant or financial institution was not under the Department's jurisdiction and the complaint was referred to the correct regulatory authority.

** Tennessee Industrial Loan and Thrift

2005 TOP TEN CONSUMER COMPLAINTS BY ALLEGATION

Customer Service Issues ¹ :	131
Misrepresentation ² :	63
Fraud ³ :	44
Payment Processing; Payment History Dispute ⁴ :	39
Unapproved Account Withdrawal ⁵ :	25
Account Fee Issues ⁶ :	23
Excessive Fees ⁷ :	23
RESPA Good Faith Estimate Violations ⁸ :	16
Privacy Issues ⁹ :	16
Failure to Release Deed or Lien ¹⁰ :	15

¹ Issues included phone calls not returned by staff at financial institutions, incorrect information given, a requested transaction or service was not performed or did not occur in a timely

² Interest rate quotes (loan rate higher than original quote, closing date set and changed or missed, fixed rate ends up as adjustable rate, etc.)

³ Covers fraudulent activities not under scams, forgeries, insider information, identity theft, etc.

⁴ Payments not made or processed in a timely manner

⁵ Includes debiting accounts for fees, service charges, processing, errors, etc.

⁶ Covers fees for insufficient funds (NSF), returned checks, service charges, etc.

⁷ Covers closing fees, loan processing fees, loan administration costs, late charges, etc.

⁸ Real Estate Settlement Procedure Act due to either not receiving the document or it is incorrect

⁹ Issues include possible improper disposition of records, sharing of information, etc.

¹⁰ Entity does not release the deed of trust within statutory time limit, does not release car title when paid in full, etc.

CONSUMER EDUCATION

A key strategy in helping protect consumers is to develop and coordinate educational resources that can assist consumers in making informed financial decisions. Education is a powerful tool in financial literacy. Consumers who understand their rights and responsibilities are less likely to become involved in situations that are not in their best interests.

Serving as a conduit, the goal of the Division is to ensure that all Tennesseans have access to financial literacy programs that will help them make sound money management decisions. In 2005, the Division stepped up its efforts

and took a more proactive approach by becoming involved in a number of consumer events aimed at educating Tennesseans about basic savings, credit management and home ownership. Specifically, the Division worked with other state and federal agencies, and non-profit organizations to focus on educating the K-12 student population, college students, minorities and women.

CONSUMER RESOURCES DIVISION ACCOMPLISHMENTS:

- The Tennessee Department of Financial Institutions and Middle Tennessee State University have partnered to incorporate financial literacy lessons into MTSU's University 1010, a course designed to familiarize freshmen with the college transition.
- The Department launched a speakers bureau, TDFI Speaks, to help increase the financial literacy of adults and youth statewide. Speakers are knowledgeable in the areas of mortgage lending, banking and savings. The bureau consists of senior management, examiners and other staff chosen for their knowledge of the topic. Organizations across the state can request a speaker for their events free of charge.
- In an effort to increase homeownership opportunities for the Hispanic community throughout Middle Tennessee, the Department joined various other organizations and created the Middle Tennessee Hispanic Partnership (MTHP). Other partners include the Human Rights Commission, the U.S. Department of Housing and Urban Development, the Tennessee Housing Development Agency, the National Association of Hispanic Real Estate Professionals and the Nashville Metropolitan Development and Housing Agency, in an effort to educate and provide services for this emerging market.



INDUSTRY COMPLAINTS BY COUNTY (ALPHABETICAL)

COUNTY NAMES	MRT	TILT	DP	CC	PF	MT	DEF	BK	CU	TP	OWN	TOTAL	PERCENT
OUT OF STATE *	17						37	23	4	1		82	13.5%
ANDERSON	1						1	2				4	0.7%
BEDFORD							4					4	0.7%
BENTON							1					1	0.2%
BLEDSON							1					1	0.2%
BLOUNT	1						4	3				8	1.3%
BRADLEY	1						3					4	0.7%
CAMPBELL							1	1				2	0.3%
CANNON	1											1	0.2%
CARROLL	1								1			2	0.3%
CARTER							1	2				3	0.5%
CHEATHAM		1					4					5	0.8%
CHESTER								1				1	0.2%
CLAIBORNE	1						1					2	0.3%
CLAY												0	0.0%
COCKE												0	0.0%
COFFEE		1					1		1			3	0.5%
CROCKETT								1				1	0.2%
CUMBERLAND							2	1				3	0.5%
DAVIDSON	26	4					37	21	2			90	14.9%
DECATUR								1				1	0.2%
DEKALB							1					1	0.2%
DICKSON	3						5	1				9	1.5%
DYER												0	0.0%
FAYETTE								1				1	0.2%
FENTRESS							1					1	0.2%
FRANKLIN	1						2					3	0.5%
GIBSON	3						1	2				6	1.0%
GILES							1			1		2	0.3%
GRAINGER		1						2				3	0.5%
GREENE							1	2				3	0.5%
GRUNDY								1				1	0.2%
HAMBLETON							3	3				6	1.0%
HAMILTON	3	1					9	9	1	2		25	4.1%
HANCOCK								1				1	0.2%
HARDEMAN	1						1					2	0.3%
HARDIN												0	0.0%
HAWKINS	1											1	0.2%
HAYWOOD								1				1	0.2%

COUNTY NAMES	MRT	TILT	DP	CC	PF	MT	DEF	BK	CU	TP	OWN	TOTAL	PERCENT
HENDERSON	1						1					2	0.3%
HENRY	2							2				4	0.7%
HICKMAN		1					2					3	0.5%
HOUSTON												0	0.0%
HUMPHREYS							1	1				2	0.3%
JACKSON												0	0.0%
JEFFERSON							2					2	0.3%
JOHNSON												0	0.0%
KNOX	5			1			11	7	1			25	4.1%
LAKE												0	0.0%
LAUDERDALE												0	0.0%
LAWRENCE												0	0.0%
LEWIS							1					1	0.2%
LINCOLN	1						1					2	0.3%
LOUDON	4							1				5	0.8%
MCMINN							4					4	0.7%
MCNAIRY							1	1				2	0.3%
MACON								1				1	0.2%
MADISON	1						1	3				5	0.8%
MARION							2	1				3	0.5%
MARSHALL							2	1				3	0.5%
MAURY	2						6	2				10	1.7%
MEIGS												0	0.0%
MONROE	1							2				3	0.5%
MONTGOMERY							6	2				8	1.3%
MOORE												0	0.0%
MORGAN												0	0.0%
OBION	1						3	2		1		7	1.2%
OVERTON												0	0.0%
PERRY							2					2	0.3%
PICKETT												0	0.0%
POLK							2					2	0.3%
PUTNAM	3						1	1				5	0.8%
RHEA	1							1				2	0.3%
ROANE	1							1				2	0.3%
ROBERTSON		1					1					2	0.3%
RUTHERFORD	9	3					10	7		2		31	5.1%
SCOTT												0	0.0%
SEQUATCHIE								1				1	0.2%
SEVIER	3	1					3	4				11	1.8%
SHELBY	28						43	14	8			93	15.3%

COUNTY NAMES	MRT	TILT	DP	CC	PF	MT	DEF	BK	CU	TP	OWN	TOTAL	PERCENT
SMITH	1											1	0.2%
STEWART												0	0.0%
SULLIVAN							5	2		1		8	1.3%
SUMNER	5						4	2	1			12	2.0%
TIPTON							1					1	0.2%
TROUSDALE												0	0.0%
UNICOI												0	0.0%
UNION												0	0.0%
VAN BUREN												0	0.0%
WARREN							1					1	0.2%
WASHINGTON	1						6	2		2		11	1.8%
WAYNE												0	0.0%
WEAKLEY							1					1	0.2%
WHITE												0	0.0%
WILLIAMSON	8						8	9				25	4.1%
WILSON	2						1	5				8	1.3%
UNKNOWN	1						10					11	1.8%
TOTALS	142	14	0	1	0	0	266	154	19	10	0	606	100.0%

* Out of state: Complaints received from consumers living out of state who are either former residents of Tennessee or have an affiliation with an entity licensed or located in the state of Tennessee.

1 - Default/Unknown category contains: phone calls, e-mails, correspondence received, complaint form mailed but completed form not returned; complainant or financial institution was not under the Department's jurisdiction and the complaint was referred to the correct regulatory authority.

KEY TO ABBREVIATIONS:

TILT - Tennessee Industrial Loan and Thrift

DP - Deferred Presentment

CC - Check Cashier

PF - Premium Finance

MT - Money Transmitter

DEF - Default

BK - Bank

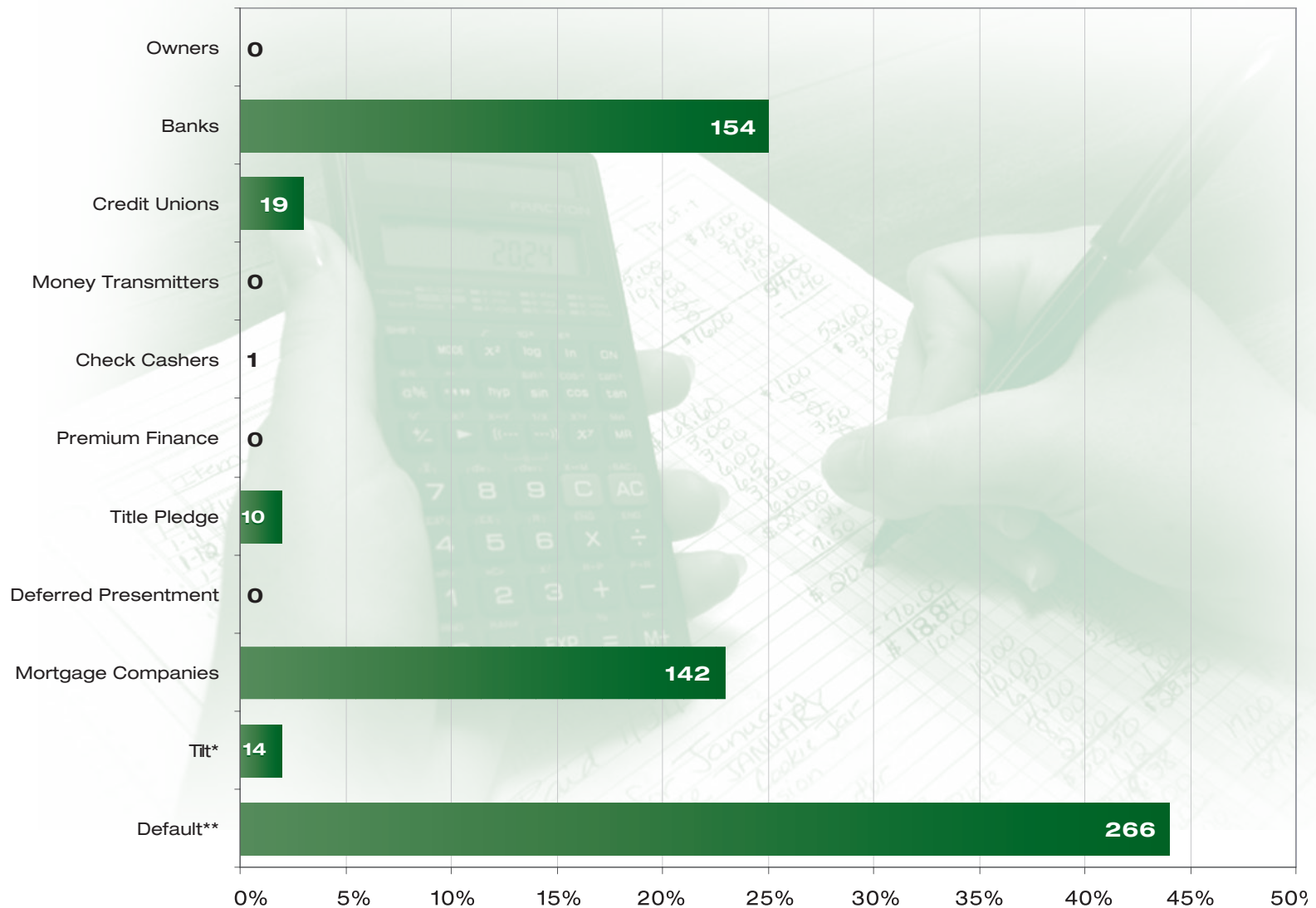
CU - Credit Union

TP - Title Pledge

OWN - Owners

Consumer Resources Division

2005 COMPLAINTS BY INDUSTRY



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Consumer Resources Division

2005 TOP TEN ALLEGATIONS

